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The Outlook

Political influences have maintained the hopeful feeling lately prevalent, but optimism has been slightly chastened by other considerations. The postponement of the reduction of the New York official rediscount rate checked the hopes of those who were counting on the early establishment of cheaper money rates here, and the upward rush in the American price of sterling was stayed, when the apparently inspired hints, issued broadcast on this side about an economic conference in Washington, were received very coldly in America. New issues continue to pour out, and though the swallowing power of the gilt-edged market is still astonishing, much of the recent buying seems to have been professional, stock having gone into lodgings in the hope of finding a home some day. Indications of real trade revival are very difficult to find, and all that can be said is that political and financial arrangements now tend to assist it.

THE GOVERNMENT ACCOUNTS

Revenue exceeded expenditure by three millions last week, thanks to fine contributions by Customs and Excise and "special" receipts, and the Exchequer also received 15½ millions from sales of Treasury bonds, and so was able to meet maturing Treasury bills, in excess of sales, to the extent of nearly nine millions, and reduce Ways and Means advances from the Bank of England by 7½ millions. The amount of these advances was only 20 millions against 50 millions at the corresponding date of last year. The Chancellor's announcement that E.P.D. payments may be postponed for five years, interest being paid at the rate of 5 per cent., was received with little enthusiasm, being generally regarded as a concession to necessity.

UNITED STATES TRADE FIGURES

For some time past reduction has been seen in Continental imports from the United States, arising perhaps from the compulsion of economy but none the less effective in reducing Europe's great adverse trade balance and in easing the international credit situation. In the ten months to October, 1920, Europe's adverse balance with the United States was \$2,642,000,000, from which it has fallen to \$1,435,000,000 for the similar period of 1921. We have not yet particulars for eleven months, but for November the exports of the United States to all countries amounted to \$295,000,000, comparing with \$677,000,000 a year ago, and are in fact the lowest for any month since 1915. The imports for November were \$211,000,000 against \$321,000,000 a year ago

and it is clear that the reduction in imports is at a much lower rate than the diminution in exports. The fall in values is, of course, an influential factor, but only in so far as it obscures the extent of the changing situation; it does not question Europe's lessening dependency upon the United States. As an indication that price changes are no more than contributory, it may be instanced that Bradstreet's Price Index Number for all commodities has risen without interruption from \$10.7284 for June to \$11.3514 for October.

ANGLO-AUSTRIAN BANK

The report of the Anglo-Austrian Bank for 1920 contains some interesting particulars concerning the agreement between it and the Bank of England and an English financial group headed by Messrs. Glyns. Through this agreement the Bank "has been rid of the onerous obligation of paying its pre-war debts in England, the latter being transformed partly into debentures, partly into certificates, the interest and amortisation of which will be provided out of future profits of the Bank, and that only after the deduction of the dividend for the preference and guaranteed shares. Our assets at present under sequestration will be released, and we shall be able not only to reopen our London house but to run it upon incomparably greater lines than was the case before the War. This will be rendered possible by the fact that we shall receive new capital to the extent of £400,000 to be raised subsequently to £1,000,000, from the English financial group before mentioned. It is quite particularly gratifying to us that the Bank of England, the financial centre of the world's economy, has not only rendered our reorganisation possible by extraordinary amiability and complaisance, but is also taking a fixed interest in our welfare by taking over £375,000 worth of Ordinary shares and £700,000 worth of certificates. It is equally advantageous to us that the Bank of England will be substantially represented in the administration of the new Bank."

CHAIRMEN ON TRADE PROSPECTS

Speeches at company meetings this week have not been too hopeful in their references to the trade position. Sir Kenneth Anderson told the Orient Steam shareholders that "outward freight is simply deplorable. . . There was a general belief that this depressing state of affairs would be replaced by a substantial revival of trade during this autumn, but the revival has so far entirely failed to materialize. In fact, during the last few months outward trade has gone from bad to worse." Lord Invernairn, at the meeting of Wm. Beardmore, expressed his conviction that "it is not until our Government effect drastic economies in the current national expenditure, and thereby decrease heavy taxation, that we can look for that revival in trade which we all desire." Lord Fairfax, addressing the shareholders of the Amalgamated Cotton Mills Trust, was able to say that since August 31 certain improvements had taken place both in stock values and in trade generally. "We have, however," he added, "a long road to travel before the cotton trade regains its usual prosperity, and I am afraid this will not be attained until the general condition of the civilised world, and in particular rates of exchange between countries, becomes more normal."

INCOME TAX

MR. STEPHEN LEACOCK in the columns of the *Morning Post* of December 12 denounced the Income Tax as unsound in theory and disastrous in practice. He maintains that an Income Tax in practice is utterly unfair and that income is not the proper basis for taxation. The true basis on which to raise taxation is, in his view, expenditure. For his assertion concerning the unfairness of the tax he relies chiefly on his belief that evasion is easy and is practised on a great scale, especially with regard to the larger incomes. He admits that it is not fitting for him, as an outsider, to speak of what happens in England, but states that he does know "that in Canada and in the United States income escapes taxation like water through a sieve. Subterfuge becomes an art." For this and other reasons Mr. Leacock argues in favour of taxes on expenditure, especially the newer form of tax not yet known in Great Britain, the sales tax.

The suggestion, or rather aspiration, that a man should be taxed on what he spends rather than upon what he earns or gets is a very old one in British economic theory. It is to be found expressed as an ideal in the works of John Stuart Mill; it was put forward in Prof. Pigou's book on 'Work and Welfare' published in 1912, though the Professor admitted the great technical difficulties that stood in its way, and it was more elaborately discussed in a very interesting passage by Professor Alfred Marshall in an essay on 'National Taxation after the War' which he contributed to a volume entitled 'After-War Problems,' which was published in 1917. "If," said Professor Marshall, "it were possible to exempt from the income tax that part of income which is saved, to become the source of future capital, while leaving property to be taxed on inheritance and in some other ways; then an income tax graduated with reference to its amount, and the number of people who depended for their support on each income, would achieve the apparently impossible result of being a graduated tax on all personal expenditure. Rich and poor alike would be left to select those uses of their incomes which suited them best, without interference from the State, except in so far as any particular form of expenditure might be thought specially beneficial, or specially detrimental, to public interests. The income tax would then levy the same percentage on the rich man's expenditure on coarse tea and on fine tea, on bread and on expensive food; and a higher percentage on each than on the poor man's expenditure on anything, unless it be alcohol and tobacco. The way to this ideal perfection is difficult; but it is more clearly marked than in regard to most Utopian goals."

It will be noted that in putting forward this suggestive if impracticable scheme Professor Marshall does not propose, like Mr. Leacock, to abandon or reduce income tax in favour of a sales tax, but to alter the basis of the collection of income tax so that it would be paid upon the amount spent by the taxpayer; he would still be assessed on a graduated scale according to extent of his total income. As Professor Marshall admits, such a project is at present Utopian, especially in the present state of the country's finances. For Mr. Leacock's alternative of a sales tax there seems now to be little or nothing to be said. It acts more quickly in restriction of expenditure than income tax, and from that point of view it had much to be said for it during the war, when the aims to be secured by taxation were special and abnormal. But it was pointed out by Sir Josiah Stamp in an interview on this subject which he granted to the *Evening Standard* on Tuesday, that a sales tax "makes a poor man with a large family become the most heavily proportioned tax-payer of all. The exemption of food presents the most extraordinary practical difficulties, and the whole scheme would cause much greater interference with industry to secure checks at the right point." And it may be said that Mr.

Leacock's argument in favour of what he calls a "painless extraction" tax "considerate enough to hide behind a curtain" has been generally received with more interest than approval. His view that very large amounts of income escape taxation owing to evasion is not thought to be true in this country, about which he admitted that he had no right to speak; and though there is more general agreement with his opinion that income tax reduces the capital fund of the country, that argument is surely equally valid against a sales tax or any other form of taxation. It is not necessarily true even now in the case of any of them. There are people who are stimulated by income tax to save more, and consequently make no reduction in, or even make a total addition to, their contributions to the capital fund; but there can be no doubt that on the whole the present scale of taxation, whatever its form, does seriously reduce the amount that the nation is able to save and put into the development of enterprise. But the sales tax, by raising prices all round, would inevitably have exactly the same effects as income tax in this respect. We get back once more to the urgent need for economy in Government expenditure, through which alone can the burden of taxation be relieved so that the country's capital fund can be built up again.

HARTLEY WITHERS

THE BOX OF PANDORA

(FROM A CORRESPONDENT.)

WHAT one feels chiefly about British overseas trade in these closing months of a black year is that it might have been so very much worse. It is not flourishing by any comparison or test, but it is a long way from being at the point of death. That we should still be able, after the crushing blow of the coal stoppage, the collapse of so many of our markets, and the busy building of tariff walls about us—one of the world's most active industries just now—that we should still be able to export in a short month 64 millions worth of our own goods and re-export 10 millions worth of *entrepôt* goods, is really a good deal better than we might reasonably have feared. And when, further, we reflect that export values have fallen by nearly half since this time last year, the volume of our present trade more nearly approaches the best for which we could have hoped.

Although we have little sympathy with that school which looks solely towards the exports, and grudges the receipt of payment for them by means of imports, one must, in these days, look a little anxiously at the details of imports. There are so many things which we must buy from overseas, so many which pass rapidly into the stomachs of our people and do not directly stimulate the selling end of our trade. But when we see, as we do for last month, large increases, as compared with the close of 1920, in the imported volume of materials such as cotton and wool and hides and leather, materials which pass through our factories and emerge as exports later on, then we can derive some satisfaction from the import as well as the export sides of our trade accounts. If at the same time we see increases in the sales abroad of cotton yarn and piece goods, of woollen yarns, of flax yarn and linen goods, there comes to us at least some indication that our textile and clothing industries are awakening in the present and are making preparations for the enhanced demand in the immediate future. The worst influence upon trade is the general feeling that no human efforts are of any use, that stagnation is no passing phase, but has become a chronic feature. Against commercial hopelessness, as against stupidity, the gods fight in vain.

There are indications, slight just now but hopeful in so far as they go, that in some directions men are beginning to take risks, to anticipate an improved future. One of the best indications is an increased import of essential raw materials for industry. In the textile and

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clothing trades that sign is visible already and can be trusted. In the great iron and steel trades it is less to be depended upon. We must not conclude because the volume of iron and steel materials imported has increased that the symptom is evidence of health. It suggests, what is known to be a fact, that iron and steel works in this country are still idle, after the enforced holiday of the coal stoppage, and that much material has to be brought from abroad which might be made here. The engineering trades will, one is afraid, be the last to recover from the depression. Within the last few days it is said that there have been signs, small it is true, yet of significance, that the Government's export credits scheme is becoming active. Since the beginning of this month, applications for guarantees of sound business—not with European derelicts but with Dominions and with South America—have been very numerous. It is possible that more credits will be guaranteed this month by the Government than during the two years or so of the early tentative schemes. By themselves these credits amount to little—two or three millions or so—but when a stagnant financial machine becomes suddenly active it suggests that a good many other financial machines which had become clogged are resuming activity once more. The box of Pandora has been smashed open, yet Hope still remains within it.

Against the small basic signs of improved trade upon which this slight fabric of hope has been built must be set those formidable barriers of tariffs which are being put up almost everywhere. This subject is too large to discuss at the tail end of an article; it is just now the biggest question of the day in international trade. The nations are nearly all busy with their mortar and their schedules of tariff bricks. The old and the new countries of Europe, the Dominions, the United States, some of the South American Republics, England with her safeguarding of Industries Act—nearly all except sensible little Holland.

Letters to the Editor

REPARATIONS AND INDUSTRY

To the Editor of the SATURDAY REVIEW

SIR,—In commenting upon the problem of reparation in your issue of November 26th, you state that "the notion that by making Germany pay we make her export goods, which she would not otherwise, seems an astonishing doctrine—Germany will export as much as she can in the years to come whether she has to pay reparation or not."

I venture to suggest that the doctrine, that Germany will export some fixed quantity of her production whatever her own economic policy and her obligations to other countries may be, is an infinitely more astonishing proposition. The extent to which a country devotes her economic resources to making goods for export as compared with devoting them to meeting directly her own home requirements, is not in any sense governed by a natural law, but is susceptible of being profoundly modified by economic policy. The tariff history of the world is one long series of illustrations of this statement.

But there are many other ways whereby the foreign trade of a country may be diverted from its normal (free trade) condition and a prolonged and heavy indemnity is one of them.

If Germany is compelled to hand over to foreigners sufficient purchasing power in Germany to give control over a substantial proportion of her annual national production (in addition to the purchasing power obtained by foreigners in return for goods imported into Germany) it is surely certain that the exports from Germany will be quite other than they would have been without such a transference. Consider for a moment how it would operate. For simplicity's sake let us make the heroic assumption that Germany raises all she

requires, not only for her Government expenditure but also for reparation, by means of taxation, and that inflation ceases. Also, since we are discussing fundamentals let us ignore the influence of speculation in marks. Now, if Germany pays 10% of her total annual income to foreigners, the amount of money available for expenditure by Germans will be reduced to that extent, whereas foreigners will have at their disposal an equivalent amount of marks to those acquired in return for imports. There will be a reduced call upon the labour and capital of Germany to meet home needs, fewer people will be engaged in performing the manifold services for their fellows which go to make up so large a proportion of expenditure in civilized society and, in fact, the standard of living will fall or be kept at a low level. On the other hand, the demand for exportable goods will be increased and with higher wages and profits in industries manufacturing for export than in other industries, there will be a steady transference of labour and capital. Reduced expenditure at home will, of course, tend to reduce imports to some extent and a part of the necessary surplus of exports may be secured by this means; but no one believes that Germany can do without imports to the amount involved in the annual reparation payments and if the scheme is to succeed sooner or later the margin between exports and imports must broaden until it is equivalent to these annual payments.

The exchange phenomena that would accompany this metamorphosis of German economic activity would be (a) an external value of the mark somewhat less than its purchasing power parity; i.e., the exchange value of the mark would be kept at such a level that the price of German exports when converted into other currencies would be somewhat less than world prices, and (b) such a level of internal prices and wages as would suffice to make the internal value—the extent of this difference being sufficient to create an economic pull of labour and capital into export as against internal activities. This condition of affairs must become normal throughout the period of the reparations agreement, otherwise reparation could not be paid in cash. At the end of the period of reparations, internal taxation would be reduced and labour and capital restored to their pre-war functions of catering for the internal requirements of Germany.

Precisely similar results would be attained if payment of the indemnity is made by printing notes to be handed to foreigners. The only difference is that this method involves the further complication of producing inflation internally, and the permanent depreciation in the external value of the mark would have to be superimposed upon an internal depreciation.

Everyone must form his own judgment as to how far these assumptions and the accompanying disturbances to the exchanges to Germany's internal economic life are practicable. But it is surely beyond controversy that if the reparations scheme is to be carried out, it can only be done by producing the necessary surplus of export and that if it is to be made in cash, it will involve a transfer to foreigners of a larger proportion of Germany's national production than would otherwise be the case and that the payment itself will set in force monetary conditions which will (a) raise wages and profits in German export industries relative to all other occupations and (b) maintain the mark at such a depreciated level that the external value of the products of these export industries is less than the world price for such products.

If payment is made in kind, it will involve a similar internal transfer of labour and capital—to be brought about by increased demand for the goods in question and reduced demand for other things; but there would be no permanent depression of the exchange through the regular payment abroad of large additional quantities of marks.

Yours etc.,

W. T. LAYTON

FIGURES AND PRICES

PAPER MONEY (in millions).

		Latest Note Issue.	Stock of Gold.	Ratio Gold to Notes.	Previous Note Issue.	Note Issue Nov. 30, 1920.
European Countries						
Austria	Kr.	108,526	?	—	103,128	28,072
Belgium	Fr.	6,266	267	4	6,127	5,845
Britain (B. of E.)	£	105	157	37	105	109
Britain (St.)	£	318			316	349
Czecho-Slov.	Kr.	11,516	1,125	9	11,850	10,947
Denmark	Kr.	465	228	49	493	555
Estonia	Mk.	250	307+	122+	250	—
Finland	Mk.	1,304	42	3	1,334	1,333
France	Fr.	36,666	5,524	15	36,489	38,573
Germany	Mk.	102,789	994	1	96,464	64,284
Greece	Dr.	2,509	57	2	2,077	1,491
Holland	Fl.	1,036	606	59	1,021	1,084
Hungary	Kr.	24,159	?	—	23,795	12,975
Italy (Bk.)	Lire	14,251	1,371+	9+	14,326	15,279
Norway	Kr.	395	147	37	389	462
Poland	Mk.	182,777	20	—	182,777	43,326
Portugal	Esc.	600	9	1	675	574
Roumania	Lei	13,520	4,525	33	13,067	9,170
Serbia	Dnrs	4,546	74	1	4,567	—
Spain	Pes.	4,219	2,509	59	4,206	4,207
Sweden	Kr.	632	275	43	589	753
Switzerland	Fr.	949	545	57	905	969
Other Countries						
Australia	£	58	24	40	58	55
Canada (Bk.)	\$	184	165*	36	183	234
Canada (St.)	£	269			269	327
Egypt	£E	35	3	8	35	42
India	Rs.	1,767	24	13	1,784	1,602
Japan	Yen	1,283	1,264+	98+	1,283	1,180
New Zealand	£	8	8+	100+	8	8
U.S. Fed. Res.	\$	2,442	2,849	116	2,474	3,319

*Includes gold abroad.

†Total cash.

GOVERNMENT DEBT (in thousands)

	Dec. 10, '21.	Dec. 3, '21.	Dec. 11, '20.
Total deadweight	7,765,072	7,768,620	7,701,007
Owed abroad	1,091,034	1,091,034	1,154,750
Treasury Bills	1,091,466	1,100,107	1,137,604
Bank of England Advances	20,000	27,250	50,000
Departmental do.	193,808	194,438	210,264

NOTE.—The highest point of the deadweight debt was reached at Dec. 31, 1919, when it touched 8,033 millions. On March 31 last it was 7,574 millions. Of the increase shown since then 102 millions represent a nominal addition, due to a conversion scheme.

GOVERNMENT ACCOUNTS (in thousands)

	Dec. 10, '21.	Dec. 3, '21.	Dec. 11, '20.
Total Revenue from Ap. 1	613,922	598,312	830,868
„ Expenditure „ „	700,503	688,441	778,628
Surplus or Deficit	-86,581	-90,129	+52,240
Customs and Excise	225,750	220,251	227,456
Income and Super Tax	167,750	165,465	149,665
Stamps	10,189	9,939	18,314
Excess Profits Duties	29,714	29,714	148,057
Post Office	35,250	33,750	33,250
Miscellaneous—Special ..	73,898	69,363	192,200

BANK OF ENGLAND RETURNS (in thousands)

	Dec. 15, '21.	Dec. 8, '21.	Dec. 15, '20.
Public Deposits	13,858	11,996	19,400
Other „	140,869	142,743	126,070
Total	154,727	154,739	145,470
Government Securities	69,800	70,064	72,123
Other „	80,683	80,636	72,207
Total	150,483	150,700	144,330
Circulation	124,734	124,961	129,447
Do. less notes in currency res.	105,284	105,111	110,697
Coin and Bullion	128,436	128,433	126,811
Reserve	22,152	21,921	14,025
Proportion	14.3%	14.1%	9%

CURRENCY NOTES (in thousands)

	Dec. 15, '21.	Dec. 8, '21.	Dec. 15, '20.
Total outstanding	318,329	315,714	359,176
Called in but not cancelled ..	1,764	1,772	2,799
Gold backing	28,500	28,500	28,500
B. of E. note, backing ...	19,450	19,450	18,750
Total fiduciary issue ...	268,615	265,992	309,127

NOTE.—The maximum fiduciary issue for 1921 has been officially “fixed” at £317,555,200.

BANKERS CLEARING RETURNS (in thousands)

	Dec. 14, '21.	Dec. 7, '21.	Dec. 15, '20.
Town	652,641	694,737	563,385
Metropolitan	29,574	33,287	36,309
Country	52,184	62,937	70,886
Total	734,399	790,961	670,580
Year to date	33,684,805	32,950,406	37,441,983

LONDON CLEARING BANK FIGURES (in thousands)

	Nov. '21.	Oct. '21.	Sept., '21.
Coin, notes, balances with Bank of England, etc.,...	206,876	221,136	254,378
Deposits	1,837,537	1,846,153	1,806,910
Acceptances	59,880	51,447	49,988
Discounts	434,081	413,012	383,280
Investments	326,372	320,608	315,476
Advances	792,480	804,586	816,724

MONEY RATES

	Dec. 15, '21.	Dec. 1, '21.	Dec. 15, '20.
Bank Rate	5%	5%	7%
Do. Federal Reserve N.Y.	4½	4½	7
3 Months' Bank Bills ...	3½	3½	6½
6 Months' Bank Bills ...	3½	3½	6½
Weekly Loans	3½	3½	5½

FOREIGN EXCHANGES (telegraphic transfers)

	Dec. 15, '21.	Dec. 8, '21.	Dec. 15, '20.
New York, \$ to £.....	4.19½	4.07½	3.47½
Do., 1 month forward	4.19½	4.07½	—
Montreal, \$ to £	4.53½	4.42½	4.04
Mexico, d. to \$.....	33d.	33d.	—
B. Aires, d. to \$	43½d.	43½d.	54½d.
Rio de Jan., d. to milrs	7½d.	7½d.	10½d.
Valparaiso, d. to £	40.30	39.00	—
Montevideo, d. to \$	40d.	40d.	53½d.
Lima, per Peru £	17½% prem.	12½% prem.	—
Paris, frs. to £	51.90	54.20	58.27½
Do., 1 month forward....	51.90	54.22	—
Berlin, marks to £ ...	770	825	257½
Brussels, frs. to £	54.00	56.20	56.27½
Amsterdam, fl. to £ ...	11.51	11.38	11.20
Switzer'and, frs. to £	21.60	21.19	22.60
Stockholm, kr. to £ ..	17.04	16.98	17.69½
Christiania, kr. to £ ..	27.25	28.20	23.47½
Copenhagen, kr. to £ ..	21.70	21.60	22.92½
Helsingfors, mks. to £ ..	220	222	155
Italy, lire to £	90½	94½	100½
Madrid, pesetas to £ ..	27.90	28.84	72.50
Greece, drachma to £ ..	100½	99½	48½
Lisbon, escudo d.....	4½d.	4½d.	7d.
Vienna, kr. to £	12,000	13,000	1,250
Prague, kr. to £	345	367½	305
Budapest, kr. to £ ...	2,750	3,200	—
Bucharest, lei to £	Unquoted	Unquoted	262½
Belgrade, dinars to £ ...	265	275	—
Sofia, leva to £	625	625	—
Warsaw, marks to £ ...	12,500	13,750	2,150
Constnple, pstrs. to £ ..	720	745	—
Alexandria, pstrs. to £ ..	97½	97½	97½
Bombay, d. to rupee	15½d.	15½d.	17½d.
Calcutta, d. to rupee } ..	31d.	31½d.	36½d.
Hongkong, d. to rupee ..	42d.	43½d.	48½d.
Shanghai d. to tael ...	27½d.	27½d.	27½d.
Singapore, d. to yen ...	27½d.	28½d.	34d.
Yokohama, d. to yen ...	27½d.	28½d.	—

UNEMPLOYMENT

	Dec. 2, 1921.	Nov. 25, 1921.	May 27, 1921.	Nov. 26, 1920.
Men	1,416,500	1,410,900	1,468,537	378,284
Women	317,400	318,700	496,914	103,420
Juveniles	101,300	102,800	157,045	42,704
Total	1,835,200	1,832,400	2,122,506	524,408

Number of men on special relief work Dec. 2, 104,000.

COAL OUTPUT

	Dec. 3, 1921.	Nov. 26, 1921.	Nov. 19, 1921.	Dec. 4, 1920.
Week ending :	tons.	tons.	tons.	tons.
Year to date	4,693,300	4,673,600	4,646,300	5,176,200
Year to date	148,716,700	144,023,400	139,348,800	210,172,600

IRON AND STEEL OUTPUT

	1921.	1921.	1921.	1920.
	Nov.	Oct.	Sept.	Nov.
Pig Iron	271,800	235,500	158,300	403,200
Yr. to date	2,336,400	2,064,600	1,829,100	6,942,100
Steel	442,800	405,400	429,300	505,100
Yr. to date	3,243,800	2,801,000	2,395,600	7,841,700

PRICES OF COMMODITIES

METALS, MINERALS, ETC.

	Dec. 15, '21.	Dec. 8, '21.	Dec. 15, '20.
Gold, per fine oz.	98s. 9d.	100s. 6d.	118s. 7d.
Silver, per oz.	35½d.	36½d.	40½d.
Iron, Scotch pig No. 1			
per ton	£6.5.0	£6.5.0	£11.5.0
Steel rails, heavy "	£10.0.0	£10.0.0	£23.0.0
Copper, Standard "	£66.15.0	£67.10.0	£75.12.6
Tin, Straits "	£170.2.6	£167.5.0	£217.10.0
Lead, soft foreign "	£25.12.6	£25.12.6	£22.10.0
Spelter "	£26.17.6	£25.5.0	£25.15.0
Coal, best Admiralty "	25s. 0d.	25s.	100s. 0d.

CHEMICALS AND OILS

Nitrate of Soda, per ton	£14.15.0	£14.15.0	£23.7.6
Indigo, Bengal per lb.	11s. 6d.	11s. 6d.	16s. 0d.
Linseed Oil, spot p. ton	£28.10.0	£29.0.0	£44.10.0
Linseed, La Plata, ship-			
ment per ton	£16.15.0	£17.0.0	£21.10.0
Palm Oil, Benin, spot			
per ton	£33.0.0	£32.5.0	£41.0.0
Petroleum, water white,			
per gallon	1s. 5d.	1s. 5d.	2s. 4½d.

FOOD

Wheat, English Gaz.			
Avg. per 480 lbs.	46s. 3d.	46s. 3d.	88s. 5d.
Wheat, No. 2 Red			
Winter N.Y. p. bush.	127 cents.	124½ cents.	204½ cents.

TEXTILES, ETC.

Cotton, fully middling,			
American per lb.	11.16d.	11.11d.	11.91d.
Cotton, Egyptian, FGF.			
Sakel per lb.	20.75d.	19.75d.	26.00d.
Hemp, N.Z. spot per ton	£38.0.0	£39.0.0	£54.0.0
Jute, first marks "	£25.10.0	£23.15.0	£39.0.0
Wool, Australian, med.			
greasy per lb.	1s. 4½d.	1s. 4½d.	2s. 8½d.
Leather, sole bends			
12/14 lbs. per lb.	2s. 8d.	2s. 9d.	3s. 6d.
Rubber, Std. Crepe, lb.	11½d.	11½d.	1s. 0d.

OVERSEAS TRADE (in thousands)

	eleven months		
	1921.	1920.	%
Imports	1,001,566	1,794,715	- 44
Exports	643,821	1,238,938	- 48
Re-exports	97,848	209,706	- 53
Balance of Imports	259,897	346,071	- 25
Export cotton goods, value	163,025	376,699	- 57
Export woollen " value	51,077	127,066	- 59
Export coal value	37,585	90,282	- 58
Ditto quantity tons	20,351	22,630	- 10
Export Iron, Steel value...	58,365	119,635	- 51
Export machinery value	69,373	56,285	+ 23
Tonnage entered	34,045	33,388	+ 2
" cleared	32,390	33,444	- 3

INDEX NUMBERS

	Nov., 1921.	Oct., 1921.	Nov., 1920.	July 1914
United Kingdom—Whole-				
sale (Economist).	921.	921.	1920.	1914
Cereals and Meat	951	956	1,478	579
Other Food Products	672	685	869½	352
Textiles	1,117½	1,171	1,651	616½
Minerals	774	816	1,259½	464½
Miscellaneous	943½	960	1,336	553
Total	4,458	4,588	6,594	2,565
Retail—(Ministry of				
Labour)—	Nov., 1921.	Oct., 1921.	Oct., 1920.	July, 1914.
Food only	195	200	291	100
All Items	198	203	276	100

	Oct., 1921.	Sept., 1921.	Aug., 1921.	Oct., 1920.	Mnthly average
Germany—Wholesale					
(Official).	1921.	1921.	1921.	1920.	1914.
All Commodities	2,460	2,067	1,909	1,308	100
United States—Wholesale					
(Bradstreet's)	Nov. 1, 1921.	Oct. 1, 1921.	Nov. 1, 1920.	Aug. 1, 1914.	
\$	\$	\$	\$	\$	
All commodities.	11.3514	11.1879	15.6750	8.7087	

FREIGHTS

	Dec. 15, 1921.	Dec. 8, 1921.	Dec. 15, 1920.
From Cardiff to			
West Italy (coal)	12/0	12/3	21/0
Marseilles	12/3	12/0	15/0
Port Said "	14/0	14/6	—
Bombay "	21/0	20/6	—
Islands "	11/0	11/9	—
B. Aires "	14/0	17/0	22/6
From			
W. Australia (wheat)	47/6	46/3	100/0
B. Aires (grain)	32/6	30/0	40/0
San Lorenzo "	35/0	32/6	45/0
N. Pacific (wheat)	nominal	50/0	90/0
N. America (grain)	4/0	4/1½	8/0
Bombay (general)	20/6	20/6	50/0
Chili (nitrate)	32/6	32/6	66/9
Alexandria (cotton-seed)	10/0	10/0	23/0
Danube (grain)	nominal	22/0	40/0

SECURITY PRICES

BRIT. AND COLONIAL GOVT.

	Dec. 15, '21.	Dec. 8, '21.	Dec. 15, '20.
Consols	49½	49½	44½
War Loan 3½% ...	90½	92	83½
Do. 4½% ...	82½	81½	77
Do. 5% ...	90½	80½	82½
Do. 4% ...	99	98½	92½
Funding 4% ...	74½	73½	65½
Victory 4% ...	79½	79½	72½
Local Loans 3% ...	56½	55	50½
Conversion 3½% ...	65½	65½	—
Irish Land 2½% ...	51½	50	44½
Bank of England ...	182	182	160½
India 3½% ...	58½	57	54½

FOREIGN STOCKS

Argentina (86) 5% ...	97	97	88
Belgian 3% ...	62½	61	56½
Brazil 1914 5% ...	65½	65	56
Chilian 1886 4½% ...	76	77	75½
Chinese 5% '96	86	82½	77½
Egyptian Unified 4%	61½	61½	59
French 4% ...	33	28½	35½
German 3% ...	3½	3	5½
Greek 4% ...	30	32	31½
Italian 3½% ...	22	21½	22
Japanese 4½% (1st)	105½	107	110
Mexican 1899 ...	62½	62	60
Peruvian Corp. Pref.	16	14½	20
Russian 5% ...	11	9	18
Spanish 4% ...	70	70	77½

HOME RAILS

Gt. Central Pref. ...	8½	8	10½
Gt. Eastern ...	27½	28	29½
Gt. Northern Def. ...	23½	23½	28
Gt. Western ...	70½	70½	72½
Lancs and Yorks ...	49½	49	53
Lond. Brighton Def.	38½	39½	43½
Lond. Chatham ...	5½	5½	6½
L. & N.W. ...	69½	69½	74½
L. & S.W. Def. ...	18½	18½	20½
Metropolitan ...	25½	26	20
Do. District	21	19½	15½
Midland Def. ...	42½	42½	47
North Brit. Def. ...	9½	9½	11½
North Eastern ...	71½	71½	77½
South Eastern Def.	21½	21½	26½
Underground "A" ...	6/3	5/3	5/3

FOREIGN AND COLONIAL RLYS.

Antofagasta ...	42½	42½	64
Argentina N.E. ...	13½	13	19
B.A. Gt. Southern	51½	52½	63
Do. Pacific ...	34	34	45½
Do. Western ...	50½	52	62
Canadian Pacific ...	144	145	161
Central Argentine ...	47½	48½	55
Uruguay ...	38	38	58
Cordoba Central ...	8	8½	14
Entre Rios ...	13½	14	22
Grand Trunk ...	1½	1½	5½
Do. 3rd Pref.	3½	3	13½
Leopoldina ...	21	21	27
Mexican ...	14	14	17
San Paulo ...	104	105	123
United of Havana ...	44½	44	66½xd

INDUSTRIALS, ETC.

Anglo-Malay ...	1½	1½	1½
Anglo-Persian 2nd Pref.	23/3	23/3	—
Armstrong ...	14/6	14/0	20/0
Ass. Portland Cement	13/4½	13/6	23/6
Bass ...	28/0	28/0	25/0
B.S.A. ...	8/0	8/9	12/9
Brit.-Amer. Tobacco	60/6	58/6	71/3
Brunner Mond ...	25/0	23/9	29/0
Burmah Oil ...	6½	5½	7½
Coats ...	49/4½	49/0	45/0
Courtaulds ...	36/1½	36/3	39/9
Cunard ...	18/3	17/6	21/0
Dorman Long ...	14/3	14/6	19/3
Dunlop ...	7/3	8/0	16/6
Furness Withy ...	24/0	23/0	24/0
Hudsons Bay ...	5½xd	5½	5½
Imp. Tobacco ...	48/9	48/9	46/9
Listers ...	16/3	16/0	21/6
Lobitos ...	4½	4½	4½
Lyons ...	2½	2½	4½
Marconi ...	1½	1½	2½
Maypole Def. ...	6/9	6/9	10/3
Mexican Eagle ...	4½	4½	10½
North Caucasian ...	11/9	11/3	13/9
P. & O. Def. ...	295	280	370xd
Royal Mail ...	83	79	105½
Rubber Trust ...	15/9	16/0	19/0
Shell ...	423/32	4½	5½
United Alkali ...	12/6	12/6	22/6
United Steel ...	9/0	8/0	13/6
Vickers ...	9/0	8/6	20/0

New Issues

Government of India. A £10,000,000 5½ per cent. loan, repayable at par on January 15, 1932, was offered at 93½. The proceeds will be used for railway purposes. The stock is a trustee security, but investors have to consider the political outlook in India.

City of Auckland. A 6% 1943 £400,000 Loan, was offered at 94; the Principal will be repayable at par on January 1, 1943. The loan (which forms part of £500,000 authorised) is to provide funds for electrical tramways, drainage, street improvement, and other purposes; it is free from all New Zealand taxes, present and future, unless held by persons domiciled in New Zealand. A Sinking Fund of one per cent. per annum will be provided. This nice little issue was quickly snapped up.

Newcastle-upon-Tyne Electric Supply Company. Subscriptions were invited, at 85½, for £750,000 six per cent. Second Mortgage Debenture Stock. The stock is limited to £2,000,000 (of which £500,000 has already been issued) and is secured by trust deeds creating a specific charge on the company's electrical power and lighting undertakings, freehold lands and buildings, and a floating charge on the remainder of its property and assets present and future other than un-called capital subject in each case to a trust deed, securing the company's First Mortgage Debenture Stock (which is limited to an amount equal to one-half of the share capital for the time being issued and paid up) and to certain other mortgages. It is not possible to trace from the prospectus what is the value of the properties on which the stock has a specific second charge, but otherwise it looks like a good industrial investment. It is repayable at par in 1949, or at 102½, at the company's option, after July, 1922.

Sheffield Steel Products (Stores). Subscriptions are invited for 300,000 Guaranteed 10 per cent. Cumulative Preference Shares of £1 each, being part of an authorized capital of £500,000. The remaining £200,000, in Ordinary Shares, is to be subscribed at par by Sheffield Steel Products Ltd., which guarantees the capital and dividend of the Preference issue. The subsidiary company has been formed for the purpose of selling direct to the public cutlery, etc., which will be purchased from Sheffield Steel Products, Limited, the largest manufacturer of cutlery and tools in the United Kingdom. The prospectus claims that the new Company will be in a position to supply through its retail shops, Sheffield goods at a price on the average fully 25 per cent. below the prices at present charged by retailers for similar articles. The differences between wholesale and retail prices set out in the prospectus indicate great possibilities for a venture of this kind, and in view of guarantee and status of the promoting company the shares offered are an interesting industrial investment.

Llangelly and District Electric Lighting and Traction Company. Subscriptions were invited at 94 for £125,000 7½ per cent. Debenture Stock, secured by a specific charge on the lighting and tramway undertakings, leasehold power station and car-shed, and a floating charge on all the other assets of the company, subject to the 5 per cent. debenture stock, of which £53,000 is outstanding. A cumulative sinking fund beginning December, 1923, will redeem the stock by December, 1952, by drawings at 102 or by purchase at or below 102. The company seems to have a good business in an important industrial area, and the stock looks like a fair industrial investment at the price. But no information is given concerning the value of the assets specifically pledged.

Reading Electric Supply Company. Purchases were invited at 95, of £100,000 Seven and a Half per cent. First Mortgage Debenture Stock, repayable in or before December, 1951, by means of a cumu-

lative sinking fund of two per cent., beginning in 1923 by annual drawings at 102½, or by purchase below. The stock will be secured by a specific first mortgage on the freehold and leasehold land, and buildings and fixed assets of the company and a floating charge on its other assets. The value of the assets specifically charged is not shown, and the profit statement is unsatisfactory, as it shows net profit arrived at before provision for depreciation.

Trinidad Lands Reclamation. An issue has been placed of £100,000 Two-and-a-Half Years 5 per cent. Bonds, which were offered at par, each subscriber being entitled to receive shares, credited as fully paid up, of the nominal value of 50 per cent. of the Bonds allotted. The Bonds will be repayable at a premium of 10 per cent. on June 30, 1924. British Controlled Oilfields guarantee repayment with premium and interest. The company has been formed to carry out a contract for the drainage of the Oropouche Lagoon, having an estimated area of about 4,000 acres, and will on completion of the works acquire the surface of the lands reclaimed, together with a royalty, equivalent to 10 per cent. of the amount derived from the sale of oil won from all the areas (including the Lagoon), covered by a concession now vested in British Controlled Oilfields, Limited, and from certain other areas in the Lagoon or in its vicinity which have been acquired by that company. On the completion of the drainage the company will be entitled to have transferred the surface of the land reclaimed, subject only to the stipulation of British Controlled Oilfields, Limited, that it shall have the right in order to carry on its contemplated oil operations efficiently, to select and rent the surface of an area, of the reclaimed lands, of not more than 1,000 acres, for 50 years at a nominal rent. A local valuer estimates, "without any doubt at all," that the land "will, when reclaimed, be saleable at not less than £50 per acre." If this estimate is correct, holders of the bonds and of the ordinary shares thrown in will have secured a pleasant speculative investment.

Reviews

The Menace of Money Power. By C. P. Isaac. Jonathan Cape: 8s. 6d. net.

MR. ISAAC is a bright and incisive critic of our economic system. He deals largely in words which beg questions and asserts freely where he should prove, but he has the precious gift of being able to write what can be read with pleasure because it is well put. He is not a clear thinker, and his main conclusion, as will be shown, is open to shattering question. In his interesting historical sketch of the progress from feudal status to cash nexus, so (as he alleges) to credit restriction and "financial thralldom," he tells us that dues in kind or labour were converted to a money rent, and so the masses, freed from direct bondage to the soil, became "increasingly dependent on the necessity of earning a wage. So marked has that dependence become that it has had applied to it the picturesque term 'wage-slavery,' not wholly without foundation. Undoubtedly for the great mass of people to-day the prime feature of economic life is the necessity of earning a wage." This is most true, but the necessity of earning a wage hardly constitutes slavery, and it is a mistake to throw ugly words about in places where they do not fit. The prime feature of economic life has always, for most people, been the necessity of earning a living somehow, and if this means slavery most of us have always been slaves. Marked by such loose methods of thought and utterance, Mr. Isaac's attack on our financial system loses much of its force. He traces most of our misfortunes to the rigidity of the Bank Charter Act of 1844, which, as all men know, regulated the note issues of the Bank of England and of our other banks of issue. "From 1844 onward we have to face the melancholy spectacle of economic

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society gradually losing its fluidity. Rigidity becomes increasingly pronounced in the social organism. The working classes are born to a life of toil from which there is no reasonable prospect of escape. At the other end arises a small body of international financiers, whose workings are nebulous but effective." And yet surely the workers toiled and international financiers were nebulous and effective in the free and spacious days before 1844. Even the harvests were affected—in a note Mr. Isaac tells us that credit restrictions generally precede bad harvests. "The harvests prior to the credit restriction of 1826 (when notes under £5 were prohibited) were exceptionally abundant. Those following the Act of 1833, which allowed the joint stock banks, were similarly plentiful. The harvests of 1842-44 were very good, but when Peel's Act was passed bad harvests resulted." Well, it is a simple faith and provides a simple remedy; if we want smiling fields and plenteous harvests, workers with a reasonable prospect of escape from a life of toil, and international financiers shorn of their nebulous efficiency, we have only to restore the "natural right to issue notes." The process, even as Mr. Isaac describes it, is not quite without dangers. "As the community proved the stability of the competing banks the unsound ones would withdraw from the field or

alter their methods." It is difficult to calculate the amount of misery that might be inflicted on ignorant or credulous folk by this process of eliminating unsound note issues, over which the author so airily skims.

Labour: The Giant with the Feet of Clay. By Shaw Desmond. Collins. 10s. 6d. net.

RESCUED by Mr. Blatchford from the City jungle where he "preyed and was preyed upon," Mr. Desmond became associated with the Labour movement, which he now indicts. Labour, he complains theoretically co-operative, is intensely individualistic in practice, professedly internationalist it has not yet realized true nationalism, and far from being spiritual in aim it is crudely materialist. With all this one may agree, Labour being, after all, human like the rest of us; but it is asking a good deal to demand that a political movement should generate a "spiritual democracy." Many factors must contribute to this end. It is, however, right to emphasize that "the Democratic State will need an infinitely higher standard of *morale*, spiritual, intellectual, and physical, than the competitive state of to-day." Most of the opposition to Socialism arises from an acute realization of this fact. The book suffers from much reminiscential small talk.

TRINIDAD LANDS RECLAMATION LIMITED.

This statement is made for public information only, and to comply with the regulations of the Stock Exchange, London, and is not an invitation to subscription to shares or bonds. The Directors collectively and individually are responsible for the information contained therein.

Under Article 75 (f) of the Articles of Association of the Company, the Directors have power to borrow money for the purposes of the Company, not exceeding £150,000, without the sanction of a General Meeting.

A copy of the Prospectus has been filed by

TRINIDAD LANDS RECLAMATION LIMITED

(Incorporated on 20th October, 1921, under the Companies Acts, 1908 to 1917).

OROPOUCHE LAGOON.

containing, inter alia, the following statements.

Application will be made to the Committee of the Stock Exchange, London, for permission to deal in the Bonds now offered for subscription and the Shares.

CAPITAL - - £100,000

DIVIDED INTO

100,000 Shares of £1 each.

Messrs. Sperling & Co. are authorised to offer for subscription AT PAR

£100,000 TWO-AND-A-HALF YEARS BONDS

PAYABLE AS FOLLOWS:—

5 per cent. on application.	25 per cent. on 1st Jan., 1922
20 per cent. on allotment.	25 per cent. on 1st Feb., 1922
25 per cent. on 15th Dec., 1921.	

Payment in full may be made on Allotment or any instalment date under discount at 5 per cent. per annum.

Each subscriber of the Bonds will be entitled to receive an allotment, or a transfer from Messrs. Sperling & Co., of shares of this Company, credited as full-paid up, of the nominal value of 50 per cent. of the nominal amount of the Bonds allotted to him. The Bonds will carry interest at the rate of 5 per cent. per annum, and will be repayable at a premium of 10 per cent. on the 30th June, 1924. British Controlled Oilfields, Ltd., guarantee the due repayment of the Bonds with premium and interest.

The Company will be free to purchase Bonds at any time in the market. Interest on the Bonds will be payable half-yearly on the 1st January and 1st July, the first payments being due on 1st July, 1922, and calculated on the amount of the respective instalments paid for the Bonds as from the respective due dates of payment of such instalments.

The Bonds will be issued in denominations of £50, £100 and £500 to bearer, and will be issued in exchange for allotment letters after payment of all instalments.

The Company will covenant that so long as any of the Bonds are outstanding, it will not, without the sanction of a resolution at a General Meeting of the Bond-holders passed by a majority of three-fourths in value of these holders who are present or represented at the Meeting, create or issue any mortgage, charge or other similar security, except to secure Bankers' loans incurred in the ordinary course of business.

The proceeds of sale of the lands reclaimed in consequence of the drainage of the Oropouche Lagoon are intended to be applied in the redemption of the Bonds.

DIRECTORS.

D. ELLIOTT ALVES, Esq., *Chairman*, Tidebrook Place, Sussex (President British Controlled Oilfields, Ltd.).
SIR E. MACKAY EDGAR, Bart., 17, Grosvenor Square, London (Vice-President British Controlled Oilfields, Ltd.).
ALFRED T. TENIERS, Esq., The Camp, Windlesham, Surrey (Director British Controlled Oilfields, Ltd.).
SIR JOHN ESPLAN, Bart., Hardres Court, Upper Hardres, Kent (Voting Trustee of British Controlled Oilfields, Ltd., and Director of Furness, Withy & Co., Ltd.).

LOCAL BOARD IN TRINIDAD.

HON. A. H. CIPRIANI, M.B.E., Port of Spain, Trinidad (Director Gordon Grant & Co., Ltd. and member of the Legislative Council of Trinidad).
G. F. HUGGINS, Esq., O.B.E., Port of Spain, Trinidad (Chairman, Geo. F. Huggins & Co., Ltd., Merchants).
S. D. HARDING, Esq., Port of Spain, Trinidad (General Manager of the Trinidad Electric Co., Ltd.).
L. A. P. O'REILLY, Esq., K.C., Port of Spain, Trinidad.
MAJOR GEO. GONSALVES, O.B.E., M.Inst.C.E., Port of Spain, Trinidad (Chief Civil Engineer in Trinidad to the British Controlled Oilfields, Ltd.).

BANKERS.

LONDON COUNTY WESTMINSTER & PARR'S BANK LTD., 4, Bartholomew Lane, E.C. Head Office: 41, Lothbury, E.C., and Branches.

SOLICITORS.

RALPH C. LEACH & CO., 10, St. Helen's Place, E.C.3.

AUDITORS.

JOSELYNE, MILES, PAGE & CO., 28, King Street, Cheapside, E.C.2.

SECRETARIES AND REGISTERED OFFICES.

LONDON:—WILLIAM McCLURE, 20, Copthall Avenue, E.C.2.
TRINIDAD:—A. J. KERBEY, 27, Marine Square, Port of Spain.

PROSPECTUS.

This Company has been formed to undertake for British Controlled Oilfields, Ltd., the carrying out of the contract hereinafter mentioned for the drainage of the Oropouche Lagoon, situated in the Island of Trinidad, and having an estimated area of about 4,000 acres, and in consideration it will on completion of the works acquire from British Controlled Oilfields, Ltd., the surface of the lands reclaimed, as the result of such operation of drainage, together with a royalty, payable by British Controlled Oilfields, Ltd., equivalent to 10 per cent. of the amount of the gross moneys derived from the sale of all crude oils which may be won from all the areas (including the Lagoon), covered by a concession granted by the Government of Trinidad to Sir William James Ingram, Bart., and now vested in British Controlled Oilfields, Ltd., and from certain other areas in the Lagoon or in its vicinity which have been acquired by that Company from Sir William J. Ingram.

The Hon. A. H. Cipriani, one of the members of the Trinidad Board of the Company, who is now under contract with the Government of Trinidad to drain the extensive Caroni Lagoon near Port of Spain, has recently

completed a comprehensive survey of the Oropouche Lagoon, and has contracted to carry out the drainage work at the actual cost price, which is not to exceed £75,000, plus a fixed commission of £5,000, and a bonus of 25 per cent. of any saving to the Company in the expenditure of the £75,000; assuming that no such saving is effected, the cost will be £80,000.

As part of the drainage scheme, the Government of Trinidad have decided to raise, at the Government expense, the level of the road between the lagoon and the sea.

Major George Gonsalves, who is the Chief Civil Engineer in Trinidad of British Controlled Oilfields, Ltd., advises that the drainage should be completed within twelve months from the date of arrival of the necessary plant, and that the plant could be delivered within four months after receipt of order. Major Gonsalves further advises that he anticipates that within eight months of the commencement of work it should be quite possible to sell or rent land reclaimed, and that within eight months of such commencement of work it should be possible for the Geologists to commence their investigations. Major Gonsalves will supervise the drainage on behalf of the Company.

On the completion of the drainage, and without payment of any further purchase consideration, the Company will become entitled to have transferred or conveyed to it the surface of the land reclaimed and subject only to the stipulation of British Controlled Oilfields, Ltd., that it shall have the right, in order to carry on its contemplated oil operations efficiently, to select and rent the surface of an area, of the reclaimed lands, of not more than 1,000 acres for a term of 50 years at a nominal rent.

The Company has been fortunate to secure the co-operation of a particularly influential Local Board, who are thoroughly conversant with conditions in Trinidad, and their experience will be of great value to the Company.

Mr. Joseph F. Sellier, of Trinidad, who has frequently acted as the Government's Valuer of lands in the Island, has reported on the character and prospective value of the lands to be reclaimed, as follows:—

Trinidad, Chaguana.

April 26, 1921.

Messrs. The British Controlled Oilfields, Ltd.

Dear Sirs,

OROPOUCHE LAGOON LANDS.

I have inspected the Oropouche Lagoon, especially that portion of it which is to be reclaimed by yourselves, being approximately 4,000 acres bounded on the West by the Gulf of Paria, and extending inwards into the Lagoon for a distance of about four and a-half miles.

The entire area is a rich alluvial deposit brought down from the catchment area during number of years, is intensely fertile, and, when reclaimed, will be suitable to the growing of almost any tropical product.

Earlier plantings, however, should be restricted to "annuals" or "catch crops," such as sugar-cane, rice, beans, corn, etc., and deep-rooted cultures should not be put in until after two years of "catch crop" rotations, i.e., until the land has been given time to sweeten.

For these "catch crops" markets exist at San Fernando and Port of Spain large enough to absorb all the crops reaped.

Farmers no doubt would gladly rent the lands as soon as they become available, and from what information I have been able to obtain on the spot a yearly rental of \$20.00 [£4 3s. 4d.] an acre could be easily obtained.

It is not easy to place a correct value upon these lands; partially reclaimed portions of Oropouche, that is to say, portions which by surface drains can be freed from surface water are commonly sold between \$140.00 [£29 3s. 4d.] to \$150.00 [£31 5s.] an acre, and there is no doubt that completely reclaimed lands would be worth considerably more than this, and I am quite certain that for the entire area which you propose to reclaim purchasers would be found as soon as the lands were available for cultivation. There is a very big demand for land of that nature in Trinidad, especially among East Indian farmers, and I know of no case on the island where swamp lands have not been sold immediately as offered, and Oropouche is probably the most fertile of our Trinidad swamps.

I remain, dear Sirs, yours faithfully,
(Sgd.) JOSEPH F. SELLIER, Valuator.

Port of Spain,
27th May, 1921.

Messrs. The British Controlled Oilfields, Ltd.

Dear Sirs,

In continuation of my letter of the 26th April, I am in a position to add that, without any doubt at all, the land intended to be reclaimed by yourselves at Oropouche, will, when reclaimed, be saleable at not less than £50 per acre, and that, moreover, at this price ready purchasers will be found for the entire area.

I remain, dear Sirs, yours faithfully,
(Sgd.) JOSEPH F. SELLIER.

Major Gonsalves advises the Directors that the surplus area of land to be reclaimed and suitable for cultivation, after reserving 1,000 acres for British Controlled Oilfields, from which to make their selection, should be about 2,850 acres, and assuming that the sale is effected of 2,850 acres at an average net price of £50 an acre, this would give £142,500, more than sufficient for repayment of the Bonds, and this without taking into consideration the reversion to the area to be leased to British Consolidated Oilfields, Limited, or such parts of the 1,000 acres as may not be required by that Company.

The area, in respect of which the above-mentioned royalty will be payable to this Company, will exceed 5,000 acres over, or in the vicinity of, the Lagoon.

Mr. C. R. Clark, the General Manager in Trinidad of British Controlled Oilfields, Ltd., has reported in regard to the oil production prospects of the Oropouche Lagoon, as follows:—

D. Elliott Alves, Esq., President.

British Controlled Oilfields, Ltd.

8th April, 1921.

Sir,—In reply to your request for a report dealing with the prospects of the Oropouche Lagoon area from an oil producing point of view, I give below a short summary of the position as it is recognised to-day, not only by the opinion of your own staff who have studied the question, but also by the general consensus of opinion among various able geologists who have recently been working round the area in question.

The Oropouche Lagoon area is crossed from a direction somewhat East of North by a series of structure lines, which ultimately emerge on the coast between Pt. Fortin and La Brea. As a result the northern end of the Lagoon is underlain by the southern half of an anticlinorium or group of anticlines, while at a point somewhat south of the middle of the Lagoon sharp anticlinal structure again occurs.

The formations which would form the objective of drilling are those which lie below the Naparima marls. These formations are known to be bituminous and oil bearing, and in view of the favourable structure which exists, there is every reason to hope that suitably located test wells will prove the existence of valuable oil reservoirs.

In addition to the extremely favourable structural possibilities afforded by this area for the accumulation of oil, attention must also be directed to the very advantageous strategic position which it occupies, fronting at its northern end as it does directly on to the Gulf of Paria where, as previously pointed out, anticlinal structure occurs, which would permit the drilling of wells in the closest proximity to the seaboard.

The work necessary for the formulating of complete detail geological reports will run, it is hoped, concurrently with the drainage of the Lagoon.

Yours faithfully,
(Sgd.) C. R. CLARK.

The facilities offered for oil operations, by water transport, of all materials, stores and plant to within a mile or so of the property, should be of great advantage, and considerably lessen the cost of prospecting work, when compared with the cost of carrying on similar operations on other areas in the island—and the close proximity of the lagoon to the sea will ultimately save the cost of lengthy pipe lines, and pumping, and other heavy expenses which most oil companies now operating in the island have to bear.

Messrs. Sperling & Co. have contracted with British Controlled Oilfields, Ltd. (Contract No. 7), to perform the obligation of that Company under the Contract (No. 9) with the Hon. A. H. Cipriani, for the drainage of the Oropouche Lagoon, and in consideration thereof British Controlled Oilfields, Ltd., have agreed to transfer to Messrs. Sperling & Co. on completion of the drainage the surface of the reclaimed lands, and to pay the above-mentioned royalty. Under this Contract British Controlled Oilfields, Ltd., further agreed in the event of this Company being formed and this issue of Bonds being made, to guarantee the due repayment of the Bonds.

Messrs. Sperling & Co. are the Vendors, and will, in pursuance of Contract (No. 8) transfer to this Company all their rights under their Contract with British Controlled Oilfields, Ltd., in consideration of this Company undertaking the obligations entered into by Messrs. Sperling & Co. under Contract (No. 7) and of the allotment to Messrs. Sperling & Co. of their nominees of all the shares in the capital of this Company (credited as fully paid), with the exception of the seven signatory shares. Messrs. Sperling & Co. will transfer to the subscribers to the present Bond issue, or cause to be allotted to them as their nominees, shares of this Company of the nominal value of 50 per cent. of the nominal amount of the Bonds allotted to such subscribers respectively.

The following Contracts have been entered into:—(1) 30th October, 1913, between the Crown Agents for the Colonies acting for and on behalf of the Governor of Trinidad and Tobago, and its Dependencies of the one part, and Sir William James Ingram, Bart., of the other part, being an agreement for a License to prospect for Oil and for a Mining Lease (Oil), and for the drainage of the Oropouche Lagoon, with drafts of such License Lease and Agreement for drainage scheduled. (2) The last-mentioned Agreement was entered into subsequently and is dated 5th June, 1914, and made between His Excellency Sir George R. Le Hunte, G.C.M.G., the Governor of Trinidad and Sir William James Ingram, Bart. (3) Letter dated 14th October, 1914, written by Mr. P. Ezechiel for the Crown Agents for the Colonies to Messrs. Burchell, the then Solicitors for Sir William James Ingram, Bart., extending various times mentioned in the said Contract No. 1 or its scheduled documents. (4) 16th December, 1919, between Sir William James Ingram, Bart., and British Controlled Oilfields, Ltd., *inter alia*, for the sale and transfer of his rights under the above-mentioned Contracts. (5) 16th December, 1919, between British Controlled Oilfields, Ltd., of the first part, Sir William J. Ingram, Bart., of the second part, Moss Samuel Myers and E. Mackay Edgar of the third part. (6) 23rd May, 1921, between British Controlled Oilfields, Ltd., of the one part, and William James Ingram, Bart., of the other part, which *inter alia* cancels Contract No. 5. (7) 14th October, 1921, between British Controlled Oilfields, Ltd., of the one part, and Messrs. Sperling & Co., of Basildon House, Moorgate Street, London, E.C., of the other part. (8) 23rd November, 1921, between Messrs. Sperling & Co., of the one part, and the Company of the other part. (9) 30th November, 1921, between Hon. Albert Henry Cipriani of the one part, and British Controlled Oilfields, Ltd., of the other part, being contract for the drainage of the Lagoon. The interests of the Directors are as follows:—Sir E. Mackay Edgar is a Partner in Messrs. Sperling & Co., and as such will participate in the purchase price to be received by his Firm. The members of the Local Board in Trinidad (other than Major George Gonsalves) will receive from Messrs. Sperling & Co. for division between them in such proportions as they may agree, 5,000 fully paid shares of this Company, and the Hon. A. H. Cipriani will receive the price payable under his Contract for drainage. The Directors have agreed to act without remuneration.

Copies of the Memorandum and Articles of Association, and copies of the originals of the above-mentioned Contracts and Reports, and the proposed form of Book, can be inspected at the offices of the Company's Solicitors at any time between the hours of 11 a.m. and 4 a.m. on any week-day.

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